

OFFICE OF HOMELESSNESS SERVICES AND  
EMERGENCY ASSISTANCE

REPORT ON HOMELESSNESS

FY 2000

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A DIRECTION FOR POLICY

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The purpose of this report is to recommend a direction for a homelessness policy for Rhode Island. The problems of housing affordability and availability are evidenced in the growing number of homeless in Rhode Island. Despite improvements in the economy and decreases in unemployment, our state has witnessed a sixteen percent increase<sup>1</sup> in the number of sheltered homeless over the past year. As Federal cuts continue to impact housing, the State needs to play a greater role in assuring access to safe, affordable housing and healthy neighborhoods.

Homelessness is on the rise for both families and individuals. It affects people of diverse backgrounds, especially those who rely on low-rent or subsidized housing. Rhode Island ranks as the third least affordable state in the nation for rental housing. This makes it particularly difficult for people with low and very low income to find affordable places to live. Rhode Island is clearly a microcosm of the national picture

This state is at the top of the spectrum in the gap between income and rent with fifty-one percent of renters unable to afford fair market rent of \$673 for a two-bedroom unit. The hourly wage required to afford that unit is more than twice the minimum wage.<sup>2</sup> In addition, individuals living on social security alone can afford only \$173 per month for rent. For these reasons, the number of those at-risk of becoming homeless continues to increase monthly.

The number of poor unassisted renters is at an all time high just when the number of affordable housing units is decreasing. Emergency shelters have become long-term shelters due, in part, to the lack of upward movement within the existing continuum as well as the affordable housing options. Those ready to move on from transitional housing programs have had to compete for a limited number of units. According to the state's computerized Housing Locator System, in December of 1999, out of 34,387 units only 138 were available for rent.

Through the recent establishment of the Housing Resources Commission, our state was poised to respond to a shelter crisis during the last quarter of 1999. Shelters had reached capacity causing homeless individuals and families with children to be turned away. Working with the Governor's Office, the Commission advocated for a \$100,000 supplemental appropriation to fund an emergency overflow shelter for ninety days. Such crisis management, however, is a costly temporary solution and a traditional response. Movement within the existing continuum will continue to be problematic unless long-term solutions necessary to create more affordable housing opportunities are implemented. Long-term solutions call for a significant investment by our state.

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<sup>1</sup>RI Emergency Food and Shelter Board Annual Report, July 1998 – June 1999

<sup>2</sup> **Out of Reach**, The Gap Between Housing Costs and Income of Poor People in the United States, National Low Income Housing Coalition

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## THE FACE OF HOMELESSNESS

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The homeless in Rhode Island are men, women, children and the elderly, veterans and families. The common thread to this cross section of society is the lack of resources to afford a safe, stable living environment. Beyond that, the numerous issues that lead to their becoming homeless require a variety of supportive services necessary to end the cycle of homelessness.

Over the past decade, studies note a variety of factors contributing to the increase of homelessness: unemployment, low wage jobs, reduced public assistance, lack of discharge planning at correctional institutions, increased cost of living, decline in affordable housing resources and loss of low-income units, day care issues and credit problems. Families fleeing domestic violence, individuals with substance abuse problems, individuals with mental illness and developmental disabilities need a range of services and support to insure that all are able to live as independently as possible in safe, stable environments.

Poor families are the most vulnerable. Women and children make up forty-six percent of the homeless. The Emergency Food and Shelter Board found that nearly half of single adults have no income and those that have income from employment find wages inadequate to meet the cost of rents. The high cost of child care, deficient public transportation, poor health and limited employment opportunities hinder progress for many. (Rhode Island lost more than half of its manufacturing jobs over the past 20 years)<sup>3</sup>.

The following tables illustrate demographic characteristics of homeless people using shelters.<sup>4</sup>

**Table 1**

WHO IS USING OUR EMERGENCY SHELTERS	NUMBER
Single women	618
Female heads	437
Single men	2022
Children >5	479
Children <5	419

**Table 2**

REASONS GIVEN FOR SHELTER USE	PERCENT
No income	24.8%
Domestic violence	21.7
Housing costs	8.9
Family separation	7.6
Legal eviction or dispute	5.0
Lack of utilities	.7
Other	31.0

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<sup>3</sup> RI Emergency Food and Shelter Board Annual Report July 1, 1998 to June 1999

<sup>4</sup> Ibid.

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## **SHELTER: DEMAND VERSUS NEED**

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An emergency shelter is meant only as a temporary placement for the homeless. However, due in part to the limited number of affordable units and supportive housing programs, individuals and families are unable to move from shelter to longer-term transitional or permanent housing. The compounding effect here is that the current supply of shelter beds does not meet the increasing demand. Nearly fifty percent of all shelter nights last year were used by only ten percent of the homeless. Merely adding more beds will once again only address the symptom of homelessness, not the causes.

The 1999 Continuum of Care Gaps Analysis<sup>5</sup> focused on the serious shortage of the current inventory of shelter, transitional and permanent housing units. Statewide, 1,138 beds exist for individuals requiring emergency, transitional and permanent supportive housing. The estimated need is 3,377 leaving a shortfall of 2,249 beds. Additionally, the current unmet need for families with children totals 1,847.

Today, more middle-aged single men are using emergency shelters. That population has been homeless for longer periods than most clients we have seen in the past. Ten percent of clients use nearly half the available nights.<sup>6</sup> Over the past year, half of the new homeless demonstrate either a substance abuse problem or dual diagnosis (person who has a diagnosed psychiatric illness and a substance addiction). In 1999, shelter data indicates a twenty-three percent increase in the number of victims of domestic violence. There were nearly 1,000 children in the shelter system last year with ninety percent under the age of thirteen.

Our shelter system has become permanent housing for many of the homeless with nowhere else to go. A tight housing market, the limited availability of public housing and subsidized units negatively impact the situation. The report states that, "by default, Rhode Island's shelter system has become the major component of our state's low income housing program."

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## **THE AFFORDABILITY GAP**

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Shelter ranks at the top in the hierarchy of human needs. The importance of decent, safe and affordable housing to the stability of communities is unchallenged. Nevertheless, three trends have contributed to the problem of housing affordability:

- Low-income families lost real income at an unprecedented rate.
- The cost of housing the poor has escalated faster than for any other group, and
- Federal support for new subsidized housing has been substantially reduced.

Forty-three percent of all renters cannot afford a two-bedroom apartment. The hourly wage necessary would be fifty percent more than the minimum wage. Although the Low Income Housing

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<sup>5</sup> Requirement for McKinney application process

<sup>6</sup> RI Emergency Food and Shelter Board Annual Report

Tax Credits has been a useful tool in building affordable housing, Section 8 rental assistance is necessary to assist households with worst case housing needs. According to the 1990 Census, Rhode Island had 17,876 families living below the poverty level as well as 37,737 low-income non-elderly renter families. Unfortunately, only 12,199 affordable units exist for low and moderate-income families in our state. This is a significant shortfall.

A family of three receiving a TANF income of \$554, points to an affordable housing cost of 30% of their income as \$166 per month. Today, the average wait for Section 8 certificates is almost five years and unfortunately, nearly thirty-eight percent (5,935 units) of the Rhode Island project based Section 8 contracts expire in 2001.<sup>7</sup> Conversion of these units to market rate will negatively impact an already inadequate supply of affordable rental housing. Currently, our affordable rental housing stock is so low that even those with Section 8 vouchers or certificates find it difficult to locate an available unit.

## **NATIONALLY**

The federal budget for public housing decreased thirty percent over the past six years continuing a twenty year downward trend, resulting in fewer operating dollars being available to public housing authorities. The average wait for public housing is now 2 ½ years. Priorities for access are being targeted for a broader mix of income groups. Any preference for the homeless has been eliminated.

## **STATEWIDE**

Few cities and towns have not met the state goal of assuring that ten percent of their housing stock be affordable. Exacerbating a problem of availability, an estimated 30,000 identified units in Rhode Island have been deemed substandard (deficient as meeting Minimum Code Standards).

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## **CONTINUUM OF CARE**

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Permanent housing for the homeless is the ultimate goal of the Continuum of Care in Rhode Island. In addition to affordable housing, this plan requires that supportive services to assist in the development of mainstream life skills be available in all settings where homeless persons are served. Ending the cycle of homelessness is paramount.

### **Housing Options and Costs**

SHELTER SITE	COST (Per person/per day)
Psychiatric hospitals	\$674.00
Correctional facilities	100.00
Shelters	68.00
Supportive housing (includes housing and case management only)	34.00

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<sup>7</sup> State of Rhode Island Consolidated Plan

Rhode Island does not have a structured system of services that would link available resources. Such a system is critical to providing comprehensive, cost effective and coordinated seamless continuum. In addition, more supportive housing programs that are tailored to meet the needs of each special population are required. Studies indicate an eighty-five percent retention rate over a one-year period for individuals receiving housing with supportive services.<sup>8</sup> Supportive housing is a vital step in the continuum and has been very effective in addressing the factors that lead to homelessness.

Federal awards have decreased significantly over the past three years while match requirements will be increased. Starting this year, HUD is requiring a twenty-five percent match for all services funded through the McKinney programs. Renewal funding for existing services has consequently been reduced by twenty-five percent. Non profit agencies are struggling to assist more people with fewer resources. Mainstream resources are critical to the success of this state's Continuum of Care.

*A chart of available funds and their use is included as Attachment A.*

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### ANALYSIS OF SHELTER CRISIS

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- From July – December 1999, 2,323 an increase of 200 emergency shelter bed night over the previous six month figure
- Over the past year, the number of homeless women with children has increased 29%
- From October 21 - December 3, 1999, Travelers Aid reports 920 overnight stays in their community room with an additional 465 from January 1 - February 17, 2000.
- Temporary closings of family shelter in Pawtucket and Woonsocket.
- The Urban League reports the 30-bed over-flow shelter averaged 25.4 individuals per night from January 11 - February 20, 2000. During this same period, Travelers Aid has opened its community room to an average of 8 individuals per night.
- The Welcome Arnold shelter averaged 85 individuals per night during this same period.
- In 1999, over half (723 out of 118) of the overnight stays at Travelers Aid's community room were over a 60 day period during the last two months of the year.

**Conclusion:** Although the number of homeless has increased significantly in the past year, night-to-night shelter can be provided through the existing system with some adjustments. Priorities should be placed on moving individuals and families out of the shelters rather than creating additional shelter beds.

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<sup>8</sup> State of Rhode Island Consolidated Plan.

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## RECOMMENDATIONS

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### **Emergency Shelter**

1. **\$250,000** to provide nightly emergency shelter for overnight stay at family emergency apartments when there are no appropriate family shelter beds available. Family emergency apartments would be provided by shelters for use by families with children and would require case management follow-up and per diem approval. Transportation would be budgeted. Family vouchers would free up 18 shelter beds at Welcome Arnold alone by providing homeless families that are unable to stay at family shelters with nightly vouchers for placement in emergency apartments. These funds would provide overnight shelter for approximately 14 families per night.
2. **\$50,000** to fund a pool of Emergency Housing Assistance Program funds set aside to assist shelter residence that have income for rent. DHS currently administers the EHAP program with funding from Rhode Island Housing. There have been insufficient funds to expand eligibility for the program to meet the needs of homeless families and individuals. Funds may be provided for security deposits and up-front rent for those who are disqualified from the EHAP, including those who have been homeless for ninety days, those who have had a previous emergency within the year, and may have previously accessed EHAP funds but have income to pay rent. A security deposit and/or first month rent may be their only barrier to permanent housing. EHAP funds would be directly accessed through CAP agencies. Through EHAP, shelter residents with income will be able to access the housing market and move to a permanent rental unit.

### **One Year Plan – FY 2001**

1. Maximize federal funding through Rhode Island's Continuum of Care Goals for Addressing Homelessness established by the Housing Resources Commission in March of 1999.
2. **\$2.5 million** to provide permanent supportive housing by financing four programs, (6-8 units) each with a half time case worker. Funds will provide gap financing for the acquisition and construction of permanent rental housing for homeless individuals who will need on-going supportive services. Rents should be affordable to individuals on SSI who can pay approximately \$173 per month in rent.
3. **\$2 million** to produce approximately 40 units of permanent housing affordable to families and individuals with income at or below minimum wage. Funds will provide capital subsidies leveraging sources such as Housing Tax Credits, CDBG, Home, and the RI Housing rental production program.

<b>Affordable Rent at RI Minimum Wage</b>			
	<b>Fair Market Rent</b>	<b>Affordable rent at 30% of income</b>	<b>Amount to be subsidized</b>
One bedroom	\$548	\$294	\$254
Two-bedroom	\$673	\$294	\$379

- 4 Encourage public housing authorities to maximize the use vouchers project-based assistance for homeless.
5. \$200,000 to provide the required match to HUD funding for the homeless to insure there is no reduction in services. These funds will be allocated to restore funding to existing homeless services programs.

### **Long Range Goal**

Eliminate homelessness through the development of adequate permanent affordable housing.

- Fund the State Housing Trust Fund
- Use of State Housing Bond to provide development funding.

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### **CONCLUSION**

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Homelessness cannot be properly addressed without a commitment to providing more affordable permanent housing. Rhode Island must step up and take a greater role in assuring access to safe, affordable housing, services for the homeless, urban and neighborhood revitalization, lead abatement and continue with its current successful programs. Adequate resources for a continuum of homeless services must be provided. Homelessness prevention should be just as essential as preserving our existing affordable housing through rehabilitation.

Most assuredly, housing conditions for the poor will continue to deteriorate as sweeping reform across all human service programs remains in our future mandating that housing issues be addressed within the framework of broader social trends and national policy. Business and government leaders, human service providers and advocates must come together to develop a comprehensive strategy in order to successfully attack the root causes of poverty in our community. Our State must commit to creating affordable housing options and supportive services. Rhode Island must invest in the solution to these critical issues.

## **GLOSSARY OF TERMS**

**Affordability** – 30% of income.

**Capital costs** – may include land acquisition, design, permits and fees, legal expenses and insurance, and all construction costs including the cost of borrowing funds, materials and labor.

**Continuum of Care** – A comprehensive community plan to organize and deliver housing and services to meet the specific needs of people who are homeless as they move to stable housing and maximum self-sufficiency. It helps providers identify ways of coordinating and linking resources to avoid duplication and facilitate movement and includes action steps to end and prevent a return to homelessness. Includes outreach, intake, assessment, employment and treatment programs, emergency shelters, transitional housing, permanent housing and retention services.

**Dual diagnosis** – person who has a diagnosed psychiatric illness and a substance addiction.

**EHAP** --Emergency Housing Assistance Program rental assistance for persons in temporary crisis or mortgage payments.

**Emergency shelter** – a safe, decent alternative to the streets. It can be a dormitory, congregate or other housing intended as temporary, time limited placement for individuals or families.

**Fair Market Rent** – Includes utilities / the 40<sup>th</sup> percentile rent which is slightly below median.

**Leveraging** – the ability to attract additional funds

**Permanent supportive housing** – permanent housing services with supportive services, which may include rental assistance.

**SuperNOFA** – annual application to HUD for Continuum of Care homeless assistance funds.

**Supportive services** – social services which may include case management, crisis intervention, life skills training, education, job readiness, skills training or job coaching, HIV/AIDS, mental health or substance abuse services.

**TANF** – Temporary Assistance for Needy Families (Replaces AFDC)

**Transitional housing** – one type of supportive housing used to facilitate movement of homeless individuals and families to permanent housing. Basically, is housing in which homeless persons live for up- to 24 months and receive supportive services that enable them to live more independently.



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## FACT SHEET

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- In 1999, Rhode Island's shelters reached overflow capacity.
- In 1999, Rhode Island shelters served over 4,235.
- Women and children make up 46% of the homeless.
- Approximately 1,000 children were shelter residents in 1999.
- Single men listed rent costs as the most important reason for seeking shelter. The second reason given was family separation.
- More than 50% of female heads of families cited domestic violence followed by rent costs and family separation.
- Individuals seeking shelter need a vast array of supportive services.
- There is a shortage of supportive housing programs.
- Over 85% of those accessing supportive housing programs remain successful.
- There is a shortage of affordable housing.
- Low-income families lost real income at an unprecedented rate.
- The cost of housing the poor has escalated faster than for any other group.
- The income necessary to afford Fair Market Rent for a one-bedroom apartment is \$10.72 per hour and \$12.94 for a two-bedroom apartment, more than twice minimum wage.
- Over 43% of all renters cannot afford Fair Market Rent for a one-bedroom unit.
- 51% of renters cannot afford Fair Market Rent for a two-bedroom unit.
- The ratio of low income-renters to low cost units is 2:8
- In December of 1999, only 138 units out of 34,387 were available for rent.
- The average wait for a Section 8 certificate is almost 5 years.
- Preferences for the homeless have been eliminated.
- Federal support for new housing has been substantially reduced.



SOURCE OF FUNDS	USES	TARGET POPULATION	ASSIST W/RENT
<b>HUD FUNDS</b>			
McKinney Act (HUD) Supportive Housing Program	Rehabilitation new construction supportive services operating, Administrative	Currently homeless Disabled households	Yes
Shelter Plus Care	Tenant based/project based – Single Room Occupancy	Disabled household Currently homeless	Yes
Section 8 Moderate Rehab Housing Opportunities for People with AIDS (HOPWA)	Project based (100 units) New construction Rehabilitation Supportive Services	Currently homeless, Section 8 contracts for HIV/Aids impacted individuals	Yes
(HUD) Section 202	New construction Rehabilitation	Low income elders through supportive housing with non-profits	Yes
(HUD) Section 811	New construction Rehabilitation	Low income disabled through supportive	Yes
<b>Office of Municipal Affairs</b>			
Emergency Shelter Grants	Rehabilitation Supportive services Operating & administrative expenses Homelessness prevention	Homeless	Yes
Community Development Block Grants	Acquisition Rehabilitation New Construction Relocation assistance Administrative and planning expenses	Predominately benefits low & moderate income individuals & families	No
<b>RI Housing &amp; Mortgage Finance Corp.</b>			
HOME (HUD) Renewal 2 year contract	Acquisition Rehabilitation New construction Predevelopment Administrative expenses (CHODO's only)	90% of beneficiaries are at 50% below area median income	Yes
Predevelopment Loan Fund	Planning Acquisition Site control Site work Most construction costs	Loan prepaid at closing or within 24 months	No
Thresholds (MHRH)	Predevelopment Gap financing	Income qualified mental health consumers	No
Next Step	New construction Rehabilitation Purchase Moving property	50% of AMI, for transitional housing (24mos) and services	Yes
Rental Production Program Incl. Low Income Housing Tax Credit	New construction Rehabilitation Equity financing 1 <sup>st</sup> & 2 <sup>nd</sup> Mortgages	Strict income guidelines for permanent. Housing * reduced rent	No –
<b>Local Initiative Support Corp.</b>			
LISC (LIHT Foundations)	Predevelopment All construction	Loans/grants \$5-10,000) to build supportive rental housing tied to partnership with CDC's and Housing. Dev. Corp's other nonprofit	
National Equity Fund (LIHT)	Equity	40% of units are for rents <60% AMI or 20% for renter <50% AMI	No
<b>Federal Home Loan Bank</b>	All construction Purchase	Below market loan and small amount of grant money dispersed for rental housing units reserved for renters <50% AMI	No

■ From Rhode Island Coalition for the Homeless publication (updated 1/2000)

**Attachment A**



